LAKE RESOURCES | AT THE HEART OF THE LITHIUM TRIANGLE

QUARTERLY REPORT ENDING 30 SEPTEMBER 2019
LAKE RESOURCES NL ASX:LKE

31 October 2019

Lake Resources N.L.
ASX:LKE
ABN 49 079 471 980

Shares on Issue:
526,314,583

Options Listed:
52,512,693 (10c, Jun'21)

Options Unlisted:
18,300,000 (4.6c, Oct'22)
5,555,000 (8c, Feb'22)
15,000,000 (9c, Jul'21)
9,500,000 (28c, Dec'20)

Unsecured Notes:
305,000 (expiry Aug'20)
1,650,000 (Oct'20)

Market Capitalisation:
$18.5 million (@3.5c)

Share Price Range:
$0.035 – 0.14 (12mth)

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HIGHLIGHTS

- **Targeting pre-production in early 2020 from pilot plant (under construction) using partner Lilac Solutions' efficient, direct extraction ion exchange process to produce a premium low impurity lithium product in lower part of industry cost curve. First pilot plant module completed.**
- **Sample product available from pilot plant production to be sent for customer qualification purposes for off-takers and potential project partners in South Korea, Japan, China.**
- **High quality, low impurity product expected, capable of attracting premium pricing in current market.**
- **Pre-Feasibility Study (PFS) near completion fort the Kachi Lithium Brine Project, a Top 10 global lithium brine project, using direct lithium extraction process.**
- **SD Capital Advisory Limited appointed to secure debt funding of up to US$25 million for initial lithium production from its Kachi Lithium Brine Project and Cauchari Lithium Brine Project in Argentina, together with completion of the DFS.**
- **Confirmation of significant high grade lithium brine discovery over 506m interval at Cauchari Lithium Brine Project, with results up to 540 mg/L lithium, averaged 493 mg/L (over 343m).**
- **A likely extension to the adjoining world-class project has been identified, which has similar results of 580mg/L lithium average grade in Indicated resource (1) and is under construction for production next year(Ganfeng/Lithium Americas (NYSE:LAC)).**
- **An additional $1.5 million provided to Lake in October**.

LAKE RESOURCES N.L.
QUARTERLY REPORT ENDING 30 SEPTEMBER 2019

Lake Resources NL is an exploration and development company with one of the largest lithium lease holdings in Argentina in the heart of the Lithium Triangle, with over 200,000 hectares comprising four prime lithium projects, namely three brine and one hard rock project.

Lake is targeting pre-production in early 2020 from a pilot plant (under construction) using partner Lilac Solutions' efficient, direct extraction ion exchange process to produce a premium low impurity lithium product in the lower part of the industry cost curve. Sample product will be available from pilot plant production early next year and will be sent for customer qualification purposes for off-takers and potential project partners in South Korea, Japan, and China. A high quality, low impurity product is expected, capable of attracting premium pricing in current market.

A pre-feasibility study (PFS) is almost complete over the Kachi Lithium Brine Project, with a combined resource of 4.4 million tonnes lithium carbonate (LCE) (including a 1.0Mt LCE indicated resource) within consolidated mining leases of 70,000 hectares over almost an entire salt lake. A pilot plant is under construction, with the first module completed, using the direct lithium extraction process of Lilac Solutions.

The Cauchari Project in Jujuy Province was drilled for the first time, adjoining production at the major Orocobre project and pre-production at the Ganfeng/Lithium Americas project. Drilling at Cauchari confirmed high grade lithium brine bearing aquifers extend into Lake's properties from the latter, which is progressing rapidly to production next year.

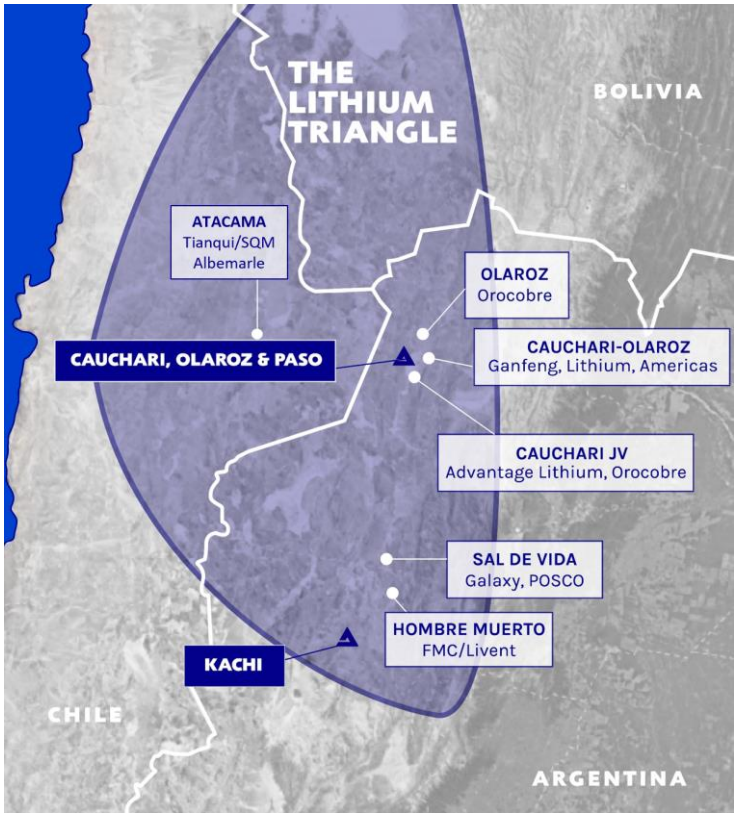

Figure 1: Location of Lake projects in NW Argentina.

OPERATIONS

Kachi Lithium Brine Project - Catamarca Province, Argentina

Summary

Lake Resources' 100%-owned Kachi Lithium Brine Project in Catamarca province, NW Argentina, covers 37 mining leases (70,400 hectares), centred around a previously undrilled salt lake within a large lithium brine-bearing basin. Kachi is one of the few salt lakes in Argentina with substantial identified lithium brines fully controlled by a single owner.

Lake is targeting pre-production in early 2020 of initial lithium products from the Kachi Project, using a pilot plant under construction with delivery to site expected soon after calendar year-end. The pilot plant, which has been designed by Silicon Valley-backed Lilac Solutions and international engineering company Hatch, will demonstrate Lilac Solutions' groundbreaking direct extraction ion exchange process on brines produced at Kachi. The first module of the plant has already been completed. Results from lab testing have been incorporated into the pre-feasibility study (PFS) at Kachi, which is almost complete.

Lake expects to produce a high quality, low impurity product that is likely to attract premium pricing in the current market for lithium, amid rising demand for electric vehicles (EVs) and increasing interest in the project from potential off-takers and project partners. Intermediate products will also be prepared. This direct extraction process will be a major advance for the lithium brine industry, producing high quality low impurity lithium products, flexible and scalable to suit end user needs.

Sample product will be available from the pilot plant production in early 2020, to be sent for customer qualification purposes for off-takers and potential project partners in South Korea, Japan, and China.

Lab testing has shown that lithium concentrations of 30-60,000 mg/L lithium can be produced from brines of ~300 mg/L lithium in a few hours after dewatering, more than 10 times the concentration of conventional processes, together with lower impurities.

The pilot plant has been designed in modules to produce concentrate for either lithium hydroxide or lithium carbonate, or intermediate products of lithium sulphate and/or lithium chloride, at approximately 10 tonnes per year, sufficient to supply samples to selected downstream battery plants and cathode plants. The design is based on more than 6 months (1,000 cycles) of successful lab processing of brines from Kachi which have shown excellent performance over an extended period, with high selectivity and durability.

Significantly, the Lilac technology is environmentally friendly, as the salty water (brine) is reinjected into the aquifer once the lithium has been removed. Traditional evaporation ponds are not required. This offers a potential ethical, sustainable solution for an industry at the forefront of the global clean energy revolution.

The Kachi project ranks amongst the top 10 global lithium brine resources, with a maiden resource estimate of 4.4 million tonnes lithium carbonate equivalent (LCE) (Indicated 1.0 Mt and Inferred 3.4 Mt) within a much larger exploration target (refer ASX announcement 27 November 2018). A Phase 1 Engineering Study completed in December 2018 showed its potential to cut production costs to the lowest cost quartile globally, with high recoveries (80 to 90%) compared to conventional brine operations in South America with typical lithium recoveries below 50%. The Lilac technology could also potentially slash production times compared to the lengthy nine to 24-month waiting period for standard evaporation processes to produce a suitable concentrate for processing.

A Pre-Feasibility Study (PFS) is almost complete for the Kachi Project, on track for delivery before calendar year-end. An international engineering firm, Hatch, is overseeing the PFS. This study is examining the project's technical and economic viability, including both conventional processing and direct extraction methods, project engineering design, product specifications, optimisation of recovery, and operating and capital costs.

The Kachi Project covers the lowest point (~3000 m altitude) of a large drainage area of over 6,800 square kilometres, sourcing lithium from acid volcanics of Cerro Galan, which is interpreted to also provide the lithium for at the Salar de Hombre Muerto. This large drainage covers the areas immediately south of Livent's Hombre Muerto Lithium brine operation (NYSE:LTHM) which is Argentina's longest operating lithium brine project and Galaxy Resources (GXY.ASX) Limited's Sal de Vida lithium brine project. It is also close to Albemarle Corp's Antofalla lithium potash brine development project. The Company has completed 15 rotary and diamond drill holes (3150m) to depths up to 403m into the Kachi lithium brine-bearing sediments. Consistent results have been delivered, with highest grades to date from the most recent drill-hole K08R14 averaging 326 mg/L lithium with low impurities and low average Mg/Li ratio of 3.7 (3.4 – 4.8).

Figure 2: Pilot Plant under construction at Lilac's facility in Oakland, California. Lilac materials engineer Garrett Lau (Ph.D. Northwestern University, B.S. Massachusetts Institute of Technology) and process engineer Amos Indranada (B.S. University of California Berkeley) showing the controls.

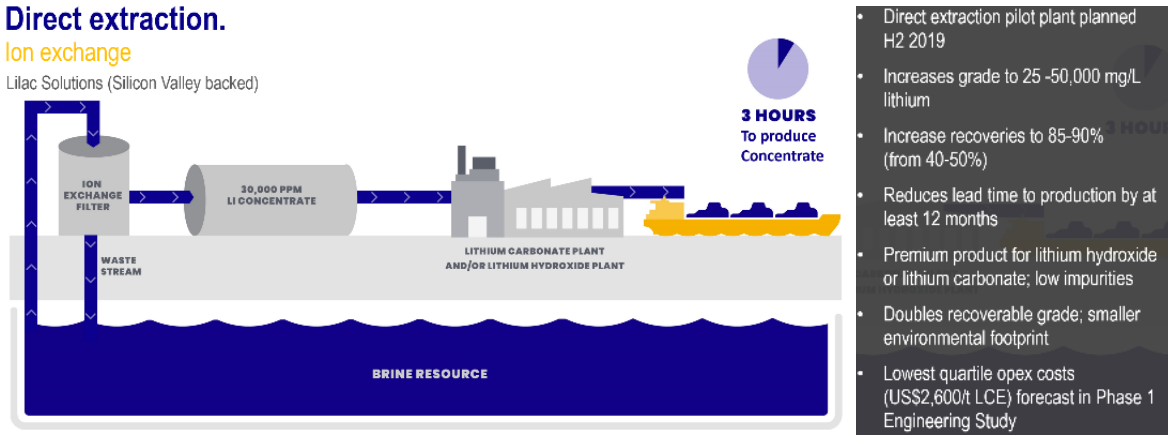

Figure 3. Lilac Solutions direct extraction process for lithium from brines using ion exchange.

Cauchari and Olaroz Lithium Brine Projects - Jujuy Province, Argentina

Lake holds mining leases over ~45,000 hectares in two areas in Jujuy Province in NW Argentina, both 100% owned by Lake. Drilling access to commence drilling was granted some months ago at Lake's Cauchari Project. Confirmation of a significant discovery of multiple high-grade lithium brines over 506m interval (102m to 608m depth) was demonstrated in results returned in late August at Lake's 100% owned Cauchari Lithium Brine Project. The high-grade results averaged* 493 mg/L lithium over 343m (from 117m to 460m), up to 540 mg/L, with a Li/Mg ratio of 2.9.

These results are similar to the adjoining major Cauchari project of Ganfeng/Lithium Americas (NYSE:LAC) which has a Measured and Indicated Resource of 17.9Mt LCE at 581 mg/L lithium (Apr 2019 NI 43-101) (1). Lake's results lead to an interpretation of an extension of the adjoining project, with a marginal difference in grade, in the same basin. The adjoining projects planned initial production scheduled for late2020 was recently increased to 40,000 tpa LCE production in a new DFS. The adjoining resource was doubled in size in April to become the largest in the world. Ganfeng paid a further US$160 million in April to increase its stake to 50% in the Cauchari project of Lithium Americas, after paying US$237 million last August to acquire a position of 34%.
Lower flow rates below 465m depth led to the hole being completed at 608m. A test sample of almost the entire hole averaged 444 mg/L lithium over 476m from 132m down to 608m. The drillhole has had slotted casing installed to allow for future testing. The table shows the range of lithium grades and intervals.

Figure 4: LKE's drill operations at Cauchari in relation to Advantage Lithium/Orocobre & Ganfeng/Lithium Americas leases. (Note: The marked boundaries are indicative only. Please refer to the detailed map).

Drilling was planned for the first time on Lake's leases at Olaroz. However, permits to drill all planned holes are still in the final stages of approval and a decision has been made to delay that start of drilling until all planned holes are approved. At Olaroz, which is north of Cauchari, Lake's leases extend over 30 kilometres east and north of the adjoining Orocobre's Olaroz lithium production leases.

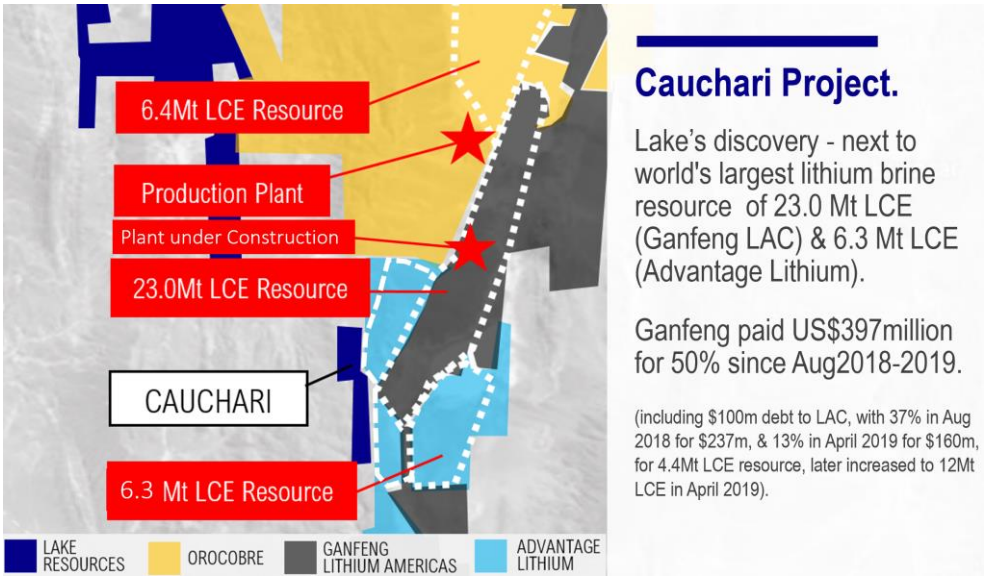

Figure 5: Cauchari project location.

Assay Interval (m)	Lithium (mg/L) 1st Packer
PACKER SAMPLE	
102m	421
121m	475
132m	422
156m	509
178m	506
190m	509
219m	461
231m	452
247m	522
256m	527
265m	540
289m	500
307m	495
367m	481
387m-460m	496
132m-608m	444

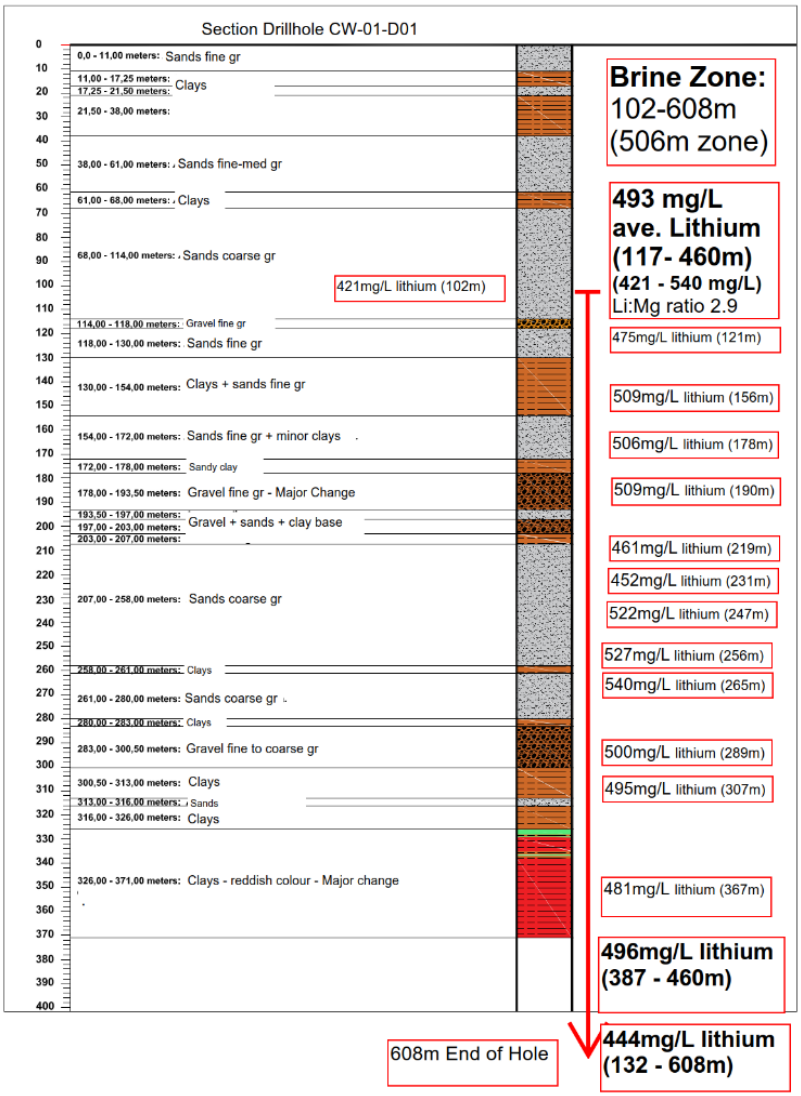

Fig 6: Summary lithium results/intervals with updated section from the drillhole at Cauchari with 506m brine zone.

CORPORATE

Cash Position

Lake held cash of $0.1 million as at 30 September 2019 (in AUD, USD and Argentine Pesos). An additional $1.5 million was provided to Lake in October.

In September, A$2 million, before costs, was raised in an private placement to sophisticated and professional investors. Under the placement, the Company issued approximately 45,000,000 new ordinary LKE shares at $0.045 cents per share using placement capacity under ASX Listing Rules 7.1A.

The financial advisor, SD Capital Advisory Limited, was appointed to secure debt funding of up to US$25 million for pre-production, definitive feasibility studies (DFS) and initial production of lithium products from the first stage of a commercial plant from its 100%-owned Kachi Lithium Brine and Cauchari Lithium Brine Projects in Argentina. London headquartered SD Capital Advisory Limited is an independent financial advisory firm which focuses specifically on emerging markets, and its principals have previously worked for major financial

institutions and corporations sourcing medium to long term financing solutions across broad industry sectors including resources and energy. SD Capital Advisory Limited will focus on obtaining debt finance for the development of Lake's 100%-owned lithium brine projects with an immediate focus on Kachi given the Pre-Feasibility Study (PFS) will be completed before year-end. Lake is assessing a range of funding solutions through debt or investment directly at the project level in order to minimise any potential dilution to Lake's equity investors.

Lake announced in February 2019 that it had secured a two-tranche funding facility to provide bridging capital for project development and exploration activities for the Company's 100%-owned lithium brine projects in Argentina (refer ASX announcement 28 February 2019). The second tranche of this facility, an additional $1.5 million (Second Investment Amount), has been provided to Lake (before costs) under the terms of the facility with the continued support of the current provider, SBI Investments (PR), LLC, who has subscribed for convertible notes in the Company. Amvest Capital Inc (through Mann Mann Jensen Partners LP) acted as North American placement agent. A summary of the key terms of the Securities was provided in the release on 28 February 2019 and on 23 October 2019. Funds are being used to fast track the direct extraction pilot plant test work and commissioning, firstly in California, before the first modules depart for the company's 100%-owned Kachi Project in Argentina, as well as for PFS support and general working capital purposes.

An experienced chief financial officer (CFO), Garry Gill, was appointed in October to help ensure successful funding of the Company's planned initial lithium production in Argentina. Mr Gill will serve as joint co-Company Secretary, supported by Automic which will continue as co-Company Secretary and Lake's share registry. A chartered accountant with more than 30 years' experience in all facets of corporate, financial and administrative functions, Mr Gill has served in a range of positions including as CFO, company secretary and other senior executive positions for a number of listed and unlisted public companies. These have included serving as finance director and company secretary of Jupiters Limited, CFO/Corporate Services Manager of South Bank Corporation in Brisbane, before forming a consultancy service for small cap ASX companies.

The Annual General Meeting of the Shareholders will be held at 11:00am AEDT on 26 November 2019 at Automic Group, Level 5, 126 Phillip Street, Sydney NSW 2000. The Notice of Meeting, the Explanatory Statement and the Proxy Form were released on 25 October 2019. To Lodge a Proxy Form online, please search online at https://investor.automic.com.au/#/loginsah.

Automic became the new shareholder registry in August. Please find their details at hello@automicgroup.com.au

The Annual Report for the Financial Year ending 30 June 2019 and the Annual Report were released in October and are available on the Lake website at www.lakeresources.com.au A hard copy is available on request by emailing hello@automicgroup.com.au

Capital Structure

Lake has 526,314,583 shares on issue as at 28 October 2019.

Listed Options include 52,512,693 options with an exercise price of $0.10 (expiry June 2021), which were approved at the shareholder meeting and by ASIC/ASX in August 2019. Unlisted options include 18,300,000 options with an exercise price of $0.046 (expiry October 2022), 5,555,000 options with an exercise price of $0.08 (expiry Feb 2022), 15,000,000 options with an exercise price of $0.00 (expiry July 2021) and 9,500,000 unlisted options with an exercise price of $0.28 (expiry 31 December 2020). 15,000,000 performance shares with various hurdles were approved at the shareholder meeting in August 2019.

Unsecured Notes include 305,000 unsecured notes (expiry Aug 2020) and 1,650,000 unsecured notes (expiry Oct 2020).

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Footnotes:

(*1): Kachi Mineral Resource Statement in ASX market release titled "Large Maiden 4.4mt LCE Resource Estimate for Kachi Project" on 27 November 2018.

(*2): Phase 1 Engineering Study in ASX market release titled "Lilac Extraction Process Shows Potential For High Lithium Recoveries At Lowest Quartile Costs At Kachi" on 10 December 2018.

Lake Resources NL (ASX:LKE)

Lake Resources NL (ASX:LKE, Lake) is a lithium exploration and development company focused on reaching pre-production in early 2020 using an ethical, efficient direct extraction process to develop lithium brine projects. The three lithium brine projects, owned 100% by lake, are in a prime location among the lithium sector's largest players within the Lithium Triangle, where half of the world's lithium is produced at the lowest cost. Lake holds one of the largest lithium tenement packages in Argentina (~200,000Ha). The large holdings and direct extraction technique provide the potential to provide consistent security of supply, scalable as required, which is demanded by battery makers and electric vehicle manufacturers.

The Kachi project covers 70,000 ha over a salt lake south of FMC's lithium operation and near Albemarle's Antofalla project in Catamarca Province. Drilling at Kachi has confirmed a maiden indicated and inferred resource of 4.4 Mt LCE (Indicated 1.0Mt and Inferred 3.4Mt) over a large lithium brine bearing basin 800+m deep, from 16 drill holes (3100m) (refer ASX announcement 27 November 2018).

A direct extraction technique using ion exchange has been lab tested for more than 6 months in partnership with Lilac Solutions, which has shown 80-90% recoveries and lithium brine concentrations 50-60,000 mg/L lithium. Phase 1 Engineering Study results have shown operating costs forecast in the lowest cost quartile (refer ASX announcement 10 December 2018). This process is will be trialled on site with a pilot plant as part of the PFS underway, ready by year end. Discussions are advanced with downstream entities, mainly battery makers, to jointly develop the project.

The Olaroz-Cauchari and Paso brine projects are located adjacent to major world class brine projects either in production or being developed in the highly prospective Jujuy Province. The Olaroz-Cauchari project is located in the same basin as Orocobre's Olaroz lithium production and adjoins the Ganfeng Lithium/Lithium Americas Cauchari project, with high grade lithium with high flow rates drilled immediately across the lease boundary.

The Cauchari project has shown lithium brines over 506m interval with high grades averaging 493 mg/L lithium (117-460m) and high flow rates, with up to 540 mg/L lithium. These results are similar to lithium brines in adjoining pre-production areas under development and infer an extension and continuity of these brines into Lake's leases (refer ASX announcements 28 May, 12 June 2019).

Significant corporate transactions continue in adjacent leases with development of Ganfeng Lithium/Lithium Americas Cauchari project with Ganfeng announcing a US$237 million for 37% of the Cauchari project previously held by SQM, followed by a further US$160 million to increase Ganfeng's equity position to 50% on 1 April 2019, together with a resource that had doubled to be the largest on the planet. Ganfeng then announced a 10 year lithium supply agreement with Volkswagen on 5 April 2019. Nearby projects of Lithium X were acquired via a takeover offer of C$265 million completed March 2018. The northern half of Galaxy's Sal de Vida resource was purchased for US$280 million by POSCO in June-Dec 2018. These transactions imply an acquisition cost of US$55-110 million per 1 million tonnes of lithium carbonate equivalent (LCE) in resources.

For more information on Lake, please visit http://www.lakeresources.com.au/home/

Competent Person's Statement – Kachi Lithium Brine Project

The information contained in this ASX release relating to Exploration Results has been compiled by Mr Andrew Fulton. Mr Fulton is a Hydrogeologist and a Member of the Australian Institute of Geoscientists and the Association of Hydrogeologists. Mr Fulton has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a competent person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Andrew Fulton is an employee of Groundwater Exploration Services Pty Ltd and an independent consultant to Lake Resources NL. Mr Fulton consents to the inclusion in this announcement of this information in the form and context in which it appears. The information in this announcement is an accurate representation of the available data from initial exploration at the Kachi project.

Table 1: Cauchari Lithium Project – details of drill-hole locations and assay results

Drill Hole	Drilling Method	Easting	Northing	Elevation	Total Depth (m)	Az / Dip (deg)	Assay Interval (m)	Lithium (mg/L) 1st Packer	Lithium (mg/L) 2nd Packer	Magnesium (mg/L)	Potassium (mg/L)
							PACKER SAMPLES				
CW01D01	Diamond	3418810	7373543	3948	608	90	**102m**	**421**	473	1330	3570
							121m	**475**	473	1450	3900
							132m	**422**		1370	3630
							156m	**509**	486	1490	4170
							178m	**506**	493	1500	4150
							190m	**509**	490	1510	4200
							219m	**461**		1440	4310
							231m	**452**		1400	4150
							247m	**522**	486	1520	4300
							256m	**527**	501	1540	4310
							265m	**540**	488	1520	4290
							289m	**500**	479	1510	3910
							307m	**495**	486	1400	4100
							367m	**481**	474	1380	3940
							387m-460m	**496**	483	1480	4080
							132m-608m	**444**		1410	3910
CW01R02	Rotary	3418801	7373545	3948	230 (*)	90					

** = Hole terminated early due to drilling issues without samples*

Coordinates are Argentine POSGAR Zone3 (UTM19)

Detailed sampling results with two passes of the packer instrument (with 2 assay results).

Previous preliminary results have been removed due to detailed packer sampling results.

APPENDIX 1 - JORC Code, 2012 Edition

Table 2 Report: Cauchari Lithium Brine Project

Criteria	Section 1 - Sampling Techniques and Data
Sampling techniques	• Brine samples were taken from the diamond drill hole with a bailer during advance and when the hole was completed, or paused at 460m, a single and double packer device was used to obtain representative samples of the formation fluid by purging a volume of fluid from the isolated interval, to minimize the possibility of contamination by drilling fluid then taking the sample. Low pressure airlift tests will be used as well. The fluid used for drilling is either brine sourced from the drill hole or nearby pumped water mixed into a brine. The return from drillhole passes back into the excavator dug pit lined to avoid leakage. Two passes of the packer were used to compare results. • The brine sample was collected in a clean plastic bottle (1 litre) and filled to the top to minimize air space within the bottle. A duplicate was collected at the same time for storage and submission of duplicates to the laboratory. Each bottle was taped and marked with the sample number. • Drill cuttings were collected each metre from the parts of the hole drilled with a tricone bit. • Drill core in the hole was recovered in 1.5 m length core runs in core split tubes when drilling was undertaken with a diamond bit. Drill core was undertaken to obtain representative samples of the sediments that host brine.
Drilling techniques	• Diamond drilling with an internal (triple) tube was used for drilling. The drilling produced cores with variable core recovery, associated with unconsolidated material, in particularly sandy intervals. Recovery of these more friable sediments is more difficult with diamond drilling, as this material can be washed from the core barrel during drilling. • Rotary drilling has used 8.5” or 10” tricone bits and has produced drill chips. • Brine has been used as drilling fluid for lubrication during drilling.
Drill sample recovery	• Diamond drill core was recovered in 1.5m length intervals in the drilling triple (split) tubes. Appropriate additives were used for hole stability to maximize core recovery. The core recoveries were measured from the cores and compared to the length of each run to calculate the recovery. • Chip samples are collected for each metre drilled and stored in segmented plastic boxes for rotary drill holes. • Brine samples were collected at discrete depths with a bailer as drilling advanced. Deatiled brine samples were also collected once the drill hole wass completed, or paused at 460m, using a double packer over a 1.5 m interval (to isolate intervals of the sediments and obtain samples from airlifting brine from the sediments within the packer). • As the brine (mineralisation) samples are taken from inflows of the brine into the hole (and not from the drill core – which has variable recovery) they are largely independent of the quality (recovery) of the core samples. However, the permeability of the lithologies where samples are taken is related to the rate and potentially lithium grade of brine inflows.
Logging	• Sand, clay, silt, salt, breccia, coarse sandstone/conglomerate and cemented rock types were recovered in a triple tube diamond core drill tube, or as chip samples from rotary drill holes, and examined for geologic logging by a geologist and a photo taken for reference. • Diamond holes are logged by a senior geologist who also supervised taking of samples for laboratory porosity analysis as well as additional physical property testing. • Logging is both qualitative and quantitative in nature. The relative proportions of different lithologies which have a direct bearing on the overall porosity, contained and potentially extractable brine are noted, as are more qualitative characteristics such as the sedimentary facies and their relationships. When cores are split for sampling they are photographed.
Sub-sampling techniques and sample preparation	• Preliminary brine samples were collected by bailer and detailed brine samples were collected by packer sampling methods, over 1.5 metres, when the drill hole is completed or paused at 460m. Low pressure airlift tests were used to purge test interval and gauge potential yields. • The brine sample was collected in one-litre sample bottles, rinsed and filled with brine. Each bottle was taped and marked with the sample number.

Quality of assay data and laboratory tests	• The Alex Stewart Argentina lab in Palpala, Jujuy, Argentina, is used as the primary laboratory to conduct the assaying of the brine samples collected as part of the sampling program. The SGS laboratory in Buenos Aires is used for both primary and check samples. They also analyzed blind control samples and duplicates in the analysis chain. The Alex Stewart laboratory and the SGS laboratory are ISO 9001 and ISO 14001 certified, and are specialized in the chemical analysis of brines and inorganic salts, with experience in this field. This includes the oversight of the experienced Alex Stewart Argentina S.A. laboratory in Mendoza, Argentina, which has been operating for a considerable period. • The quality control and analytical procedures used at the Alex Stewart laboratory or SGS laboratory are considered to be of high quality and comparable to those employed by ISO certified laboratories specializing in analysis of brines and inorganic salts.
Verification of sampling and assaying	• Field duplicates, standards and blanks are used to monitor potential contamination of samples and the repeatability of analyses. Accuracy, the closeness of measurements to the "true" or accepted value, will be monitored by the insertion of standards, or reference samples, and by check analysis at an independent (or umpire) laboratory. • Duplicate samples in the analysis chain were submitted to Alex Stewart or SGS laboratories as unique samples (blind duplicates) during the process • Stable blank samples (distilled water) were used to evaluate potential sample contamination and will be inserted in future to measure any potential cross contamination • Samples were analysed for conductivity using a hand-held pH/EC multiprobe. • Calibration using standard buffers is being undertaken at times.
Location of data points	• The diamond drill hole sample sites and rotary drill hole sites were located with a hand-held GPS. • The properties are located in the Argentine POSGAR grid system Zone 3 (UTM 19) and in WGS84 Zone 19 south.
Data spacing and distribution	• Brine samples were collected over 1.5m intervals within brine producing aquifers, where possible. BPreliminary brine samples were collected were possible as the drill hole progressed with packer samples collected after the hole was paused at 460m and when the hole was completed.
Orientation of data in relation to geological structure	• The salt lake (*salar*) deposits generally have sub-horizontal beds and lenses that contain sand, gravel, salt, silt, clay, breccia and coarse sandstone/conglomerate. The vertical diamond drill holes provide a better understanding of the stratigraphy and the nature of the sub-surface brine bearing aquifers.
Sample security	• Samples were transported to the Alex Stewart laboratory or SGS laboratory for chemical analysis in sealed 1-litre rigid plastic bottles with sample numbers clearly identified. Samples will be transported by a trusted member of the team. • The samples were moved from the drillhole sample site to secure storage at the camp on a daily basis. All brine sample bottles sent to the laboratory are marked with a unique label not related to location.
Review (and Audit)	• An audit of data has been conducted on site by the CP during August 2019 and has provided updated guidance to the technical people. The CP will be onsite periodically in the future as drilling progresses during the programme .
Criteria	**Section 2 - Mineral Tenement and Land Tenure Status**
Mineral tenement and land tenure status	• The Cauchari Lithium Brine project is located approximately 500m from the Ganfeng/Lithium Americas Cauchari pre-production area and 25km south of Orocobre's Olaroz lithium operation, and 23km north east of Catua in Jujuy province of north western Argentina at an elevation of approximately 3,900m asl. • The project comprises approximately 1936 Ha in one mineral lease (minas) granted for drilling. Cauchari is a part of the Cauchari-Olaroz project with 17,953 Ha in eleven mineral leases (minas) with 10 granted access for exploration, 5 granted for drilling and 5 in the last phase prior to drilling approval. • The tenements are believed to be in good standing, with statutory payments completed to relevant government departments.
Exploration by other parties	• Lithium Americas (Ganfeng Lithium 50% JV) has completed a series of drilling campaigns with rotary and diamond drill rigs since 2009 with drilling still continuing on production wells as part of the pre-production drilling. A combined resource of 23 million tonnes lithium carbonate equivalent (LCE) has been reported on 1 April 2019, comprised of 18.0 million tonnes LCE in the Measured & Indicated category and 5.0 million tonnes in the Inferred category. This resource doubled from the previous resource in July 2012 of 11.8 million tonnes LCE in the Measured & Indicated category. • Results were reported in an NI 43-101 report by Mark King, Roger Kelley and Daron Abbey in July 2012 and April 2019 for Lithium Americas. Cauchari-Olaroz Mineral Resource Statement of Lithium Americas/Ganfeng joint venture in a NI 43-101 Technical Report filed 1 April 2019 on the TSX-V, prepared by Ernest Burga (P.Eng), David Burga (P.Geo), Wayne Genck (P.Eng) and Daniel Weber (P.G., RM-SME) each of whom is a qualified person for the purposes of NI 43-101, available publicly on SEDAR. • Advantage Lithium (Orocobre 25% JV) has completed a series of drilling campaigns with one rotary hole and 25 diamond drill holes since 2011. A combined resource of 6.3 million tonnes lithium carbonate

	equivalent (LCE) has been reported in March 2019, released 19 April 2019, comprised of 4.8 million tonnes LCE in the Measured & Indicated category and 1.5 million tonnes in the Inferred category. This resource doubled from the previous combined resource in 2018 of 3 million tonnes LCE in the Measured & Indicated and Inferred categories. Gravity, VES, TEM and AMT ground geophysical surveys were completed prior to and following drilling campaigns. • Results were reported in an NI 43-101 report by Fritz Reidel in April 2019 and Fritz Reidel with P Ehren in June 2018 for Advantage Lithium and in December 2016 by M Brooker and P Ehren for Advantage Lithium and in April 2010 by John Houston for Orocobre. Cauchari Mineral Resource Statement of Advantage Lithium/Orocobre joint venture in a NI 43-101 Technical Report filed 19 April 2019 on the TSX-V and ASX, prepared by Fritz Reidel (CPG), who is a qualified person for the purposes of NI 43-101, available publicly on SEDAR..
Geology	• The known sediments within the *salar* consist of salt/halite, clay, sand and silt horizons, accumulated in the *salar* from terrestrial sedimentation and evaporation of brines. • Brines within the Salt Lake are formed by solar concentration and hosted within sedimentary units. • Geology was recorded during the diamond drilling and from chip samples in rotary drill holes.
Drill hole Information	• Lithological data was collected from the holes as they were drilled and drill cores or chip samples were retrieved. Detailed geological logging of cores is ongoing. • All drill holes are vertical, (dip -90, azimuth 0 degrees).
Data aggregation methods	• Results are final analytical laboratory results. No data aggregation has been undertaken. Assayresults have been provided without averages where multiple sampling occurs in the same sampling interval.
Relationship between mineralisation widths and intercept lengths	• Mineralisation interpreted to be horizontally lying and drilling is perpendicular to the horizons.
Diagrams	• A drill hole location plan is provided showing the locations of the drill platforms. Individual drill locations are provided in Table 1.
Balanced reporting	• Detailed information from the packer sampling together with preliminary brine assay results are available from the drilling.
Other substantive exploration data	• There is no other substantive exploration data available regarding the project.
Further work	• The company is undertaking an 600m maiden diamond drilling programme and 300m maiden rotary water well drilling programme which may be expanded based on results.

SCHEDULE OF TENEMENTS (Appendix 5B)

TOTAL NUMBER TENEMENTS:	TOTAL AREA TENEMENTS:
77	208,420 Ha

REF	TENEMENT NAME	NUMBER	AREA H	INTEREST	PROVINCE	STATUS
	OLAROZ - CAUCHARI AREA					
	Cauchari Bajo I	2156-D-2016	354	100	Jujuy	Granted
	Cauchari Bajo II	2157-D-2016	354	100	Jujuy	Granted
	Cauchari Bajo III	2158-D-2016	122	100	Jujuy	Granted
	Cauchari Bajo V	2154-D-2016	946	100	Jujuy	Granted
	Cauchari West I	2160-D-2016	1936	100	Jujuy	Granted
	Olaroz Centro II	2164-D-2016	268	100	Jujuy	Application
	Olaroz East II	2168-D-2016	2072	100	Jujuy	Granted
	MASA 12	2234-M-2016	2901	100	Jujuy	Granted
	MASA 13	2235-M-2016	3000	100	Jujuy	Granted
	MASA 14	2236-M-2016	3000	100	Jujuy	Granted
	MASA 15	2237-M-2016	3000	100	Jujuy	Granted
	PASO AREA					
	Paso III	2137-P-2016	2787	100	Jujuy	Granted
	Paso VI	2140-P-2016	2208	100	Jujuy	Granted
	Paso X	2144-P-2016	1833	100	Jujuy	Granted
	MASA 9	2231-M-2016	2978	100	Jujuy	Granted
	MASA 16	2238-M-2016	2114	100	Jujuy	Granted
	MASA 17	2239-M-2016	2891	100	Jujuy	Granted
	MASA 18	2240-M-2016	3000	100	Jujuy	Granted
	MASA 19	2241-M-2016	3000	100	Jujuy	Granted
	MASA 20	2242-M-2016	3000	100	Jujuy	Granted
	MASA 21	2243-M-2016	2815	100	Jujuy	Granted
	MASA 22	2244-M-2016	1460	100	Jujuy	Application
	MASA 23	2245-M-2016	1540	100	Jujuy	Application
	23 Mining leases		47579 Ha			
	CATAMARCA PEGMATITES					
	Petra I	Cateo 52-B-2016	10000	100	Catamarca	In Process
	Petra II	Cateo 51-B-2016	9523	100	Catamarca	In Process
	Petra III	Cateo 49-B-2016	9528	100	Catamarca	In Process
	Petra IV	Cateo 50-B-2016	8939	100	Catamarca	In Process
	CAT 1 (Petra VIII)	Cateo 93-B-2016	1000	100	Catamarca	In Process
	CAT 2 (Petra VII)	Cateo 94-B-2016	8475	100	Catamarca	In Process
	CAT 3 (Petra VI)	Cateo 95-B-2016	10000	100	Catamarca	In Process
	CAT 4 (Petra V)	Cateo 98-B-2016	10000	100	Catamarca	In Process
	La Aguada 1	Mina 116-B-2016	2499	100	Catamarca	Granted
	La Aguada 2	Mina 117-B-2016	2950	100	Catamarca	Granted
	La Aguada 3	Mina 99-B-2016	1558	100	Catamarca	In Process
	La Aguada 4	Mina 173-B-2016	2929	100	Catamarca	Granted
	La Aguada 5	Mina 172-B-2016	2866	100	Catamarca	Granted
	La Aguada 6	Mina 174-B-2016	2999	100	Catamarca	Granted
	La Aguada 7	Mina 137-B-2016	2919	100	Catamarca	Granted
	La Aguada 8	Mina 139-B-2016	1587	100	Catamarca	Granted
	La Aguada 9	Mina 138-B-2016	2607	100	Catamarca	Granted
	9 Mining leases 8 exploration leases		90,379 Ha			

SCHEDULE OF TENEMENTS (Appendix 5B)

TOTAL NUMBER TENEMENTS:	TOTAL AREA TENEMENTS:
77	208,420 Ha

REF	TENEMENT NAME	NUMBER	AREA H	INTEREST	PROVINCE	STATUS
	KACHI AREA					
	Kachi Inca	13-M-2016	858	100	Catamarca	Granted
	Kachi Inca I	16-M-2016	2881	100	Catamarca	Granted
	Kachi Inca II	17-M-2016	2823	100	Catamarca	Granted
	Kachi Inca III	47-M-2016	3354	100	Catamarca	Granted
	Kachi Inca 4	107-M-2017	2723	100	Catamarca	In Process
	Kachi Inca V	45-M-2016	305	100	Catamarca	Granted
	Kachi Inca VI	44-M-2016	110	100	Catamarca	Granted
	Dona Amparo I	22-M-2016	3000	100	Catamarca	Granted
	Dona Carmen	24-M-2016	874	100	Catamarca	Granted
	Debbie I	21-M-2016	1501	100	Catamarca	Granted
	Divina Victoria I	25-M-2016	1266	100	Catamarca	Granted
	Daniel Armando	23-M-2016	2116	100	Catamarca	Granted
	Daniel Armando II	97-M-2016	1388	100	Catamarca	Granted
	Escondidita	131-M-2018	373	100	Catamarca	In Process
	Irene	28-M-2018	2250	100	Catamarca	In Process
	Maria Luz	34-M-2017	2425	100	Catamarca	Granted
	Maria I	140-M-2018	889	100	Catamarca	In Process
	Maria II	14-M-2016	888	100	Catamarca	Granted
	Maria III	15-M-2016	1396	100	Catamarca	Granted
	Morena 1	72-M-2016	3025	100	Catamarca	Granted
	Morena 2	73-M-2016	2989	100	Catamarca	Granted
	Morena 3	74-M-2016	3007	100	Catamarca	Granted
	Morena 5	97-M-2017	1415	100	Catamarca	In Process
	Morena 6	75-M-2016	1606	100	Catamarca	Granted
	Morena 7	76-M-2016	2805	100	Catamarca	Granted
	Morena 8	77-M-2016	2961	100	Catamarca	Granted
	Morena 11	201-M-2018	815	100	Catamarca	In Process
	Morena 12	78-M-2016	2704	100	Catamarca	Granted
	Morena 13	79-M-2016	3024	100	Catamarca	Granted
	Morena 15	162-M-2017	2559	100	Catamarca	Granted
	Pampa I	129-S-2013	2312	100	Catamarca	Granted
	Pampa II	128-M-2013	1119	100	Catamarca	Granted
	Pampa III	130-M-2013	477	100	Catamarca	Granted
	Pampa IV	78-M-2017	2569	100	Catamarca	In Process
	Parapeto 1	133-M-2018	2504	100	Catamarca	In Process
	Parapeto 2	134-M-2018	1259	100	Catamarca	In Process
	Parapeto 3	132-M-2018	1892	100	Catamarca	In Process
	37 Mining leases		70462Ha			

SCHEDULE OF TENEMENTS (Appendix 5B)

TOTAL NUMBER TENEMENTS: 77

TOTAL AREA TENEMENTS: 208,420 Ha

REF	TENEMENT NAME	NUMBER	AREA H	INTEREST	PROVINCE	STATUS
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	MASA 14	2236-M-2016	3000	100	Jujuy	Granted
	MASA 15	2237-M-2016	3000	100	Jujuy	Granted
	PASO AREA					
	Paso III	2137-P-2016	2787	100	Jujuy	Granted
	Paso VI	2140-P-2016	2208	100	Jujuy	Granted
	Paso X	2144-P-2016	1833	100	Jujuy	Granted
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	MASA 17	2239-M-2016	2891	100	Jujuy	Granted
	MASA 18	2240-M-2016	3000	100	Jujuy	Granted
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	MASA 22	2244-M-2016	1460	100	Jujuy	Application
	MASA 23	2245-M-2016	1540	100	Jujuy	Application
	23 Mining leases		47579 Ha			
	KACHI AREA					
	Kachi Inca	13-M-2016	858	100	Catamarca	Granted
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	Kachi Inca II	17-M-2016	2823	100	Catamarca	Granted
	Kachi Inca III	47-M-2016	3354	100	Catamarca	Granted
	Kachi Inca 4	107-M-2017	2723	100	Catamarca	In Process
	Kachi Inca V	45-M-2016	305	100	Catamarca	Granted
	Kachi Inca VI	44-M-2016	110	100	Catamarca	Granted
	Dona Amparo I	22-M-2016	3000	100	Catamarca	Granted
	Dona Carmen	24-M-2016	874	100	Catamarca	Granted
	Debbie I	21-M-2016	1501	100	Catamarca	Granted
	Divina Victoria I	25-M-2016	1266	100	Catamarca	Granted
	Daniel Armando	23-M-2016	2116	100	Catamarca	Granted
	Daniel Armando II	97-M-2016	1388	100	Catamarca	Granted
	Escondidita	131-M-2018	373	100	Catamarca	In Process
	Irene	28-M-2018	2250	100	Catamarca	In Process

SCHEDULE OF TENEMENTS (Appendix 5B)

TOTAL NUMBER TENEMENTS: 77

TOTAL AREA TENEMENTS: 208,420 Ha

REF	TENEMENT NAME	NUMBER	AREA H	INTEREST	PROVINCE	STATUS
	OLAROZ - CAUCHARI AREA					
	Maria Luz	34-M-2017	2425	100	Catamarca	Granted
	Maria I	140-M-2018	889	100	Catamarca	In Process
	Maria II	14-M-2016	888	100	Catamarca	Granted
	Maria III	15-M-2016	1396	100	Catamarca	Granted
	Morena 1	72-M-2016	3025	100	Catamarca	Granted
	Morena 2	73-M-2016	2989	100	Catamarca	Granted
	Morena 3	74-M-2016	3007	100	Catamarca	Granted
	Morena 5	97-M-2017	1415	100	Catamarca	In Process
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	Morena 11	201-M-2018	815	100	Catamarca	In Process
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	Morena 13	79-M-2016	3024	100	Catamarca	Granted
	Morena 15	162-M-2017	2559	100	Catamarca	Granted
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	Pampa II	128-M-2013	1119	100	Catamarca	Granted
	Pampa III	130-M-2013	477	100	Catamarca	Granted
	Pampa IV	78-M-2017	2569	100	Catamarca	In Process
	Parapeto 1	133-M-2018	2504	100	Catamarca	In Process
	Parapeto 2	134-M-2018	1259	100	Catamarca	In Process
	Parapeto 3	132-M-2018	1892	100	Catamarca	In Process
	37 Mining leases		70462Ha			
	60		118041			
	CATAMARCA PEGMATITES					
	Petra I	Cateo 52-B-2016	10000	100	Catamarca	In Process
	Petra II	Cateo 51-B-2016	9523	100	Catamarca	In Process
	Petra III	Cateo 49-B-2016	9528	100	Catamarca	In Process
	Petra IV	Cateo 50-B-2016	8939	100	Catamarca	In Process
	CAT 1 (Petra VIII)	Cateo 93-B-2016	1000	100	Catamarca	In Process
	CAT 2 (Petra VII)	Cateo 94-B-2016	8475	100	Catamarca	In Process
	CAT 3 (Petra VI)	Cateo 95-B-2016	10000	100	Catamarca	In Process
	CAT 4 (Petra V)	Cateo 98-B-2016	10000	100	Catamarca	In Process
	La Aguada 1	Mina 116-B-2016	2499	100	Catamarca	Granted
	La Aguada 2	Mina 117-B-2016	2950	100	Catamarca	Granted
	La Aguada 3	Mina 99-B-2016	1558	100	Catamarca	In Process
	La Aguada 4	Mina 173-B-2016	2929	100	Catamarca	Granted
	La Aguada 5	Mina 172-B-2016	2866	100	Catamarca	Granted
	La Aguada 6	Mina 174-B-2016	2999	100	Catamarca	Granted
	La Aguada 7	Mina 137-B-2016	2919	100	Catamarca	Granted
	La Aguada 8	Mina 139-B-2016	1587	100	Catamarca	Granted
	La Aguada 9	Mina 138-B-2016	2607	100	Catamarca	Granted
	9 Mining leases 8 exploration leases		90,379 Ha			

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

LAKE RESOURCES N.L.

ABN	**Quarter ended ("current quarter")**
49 079 471 980	30 SEPTEMBER 2019

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(2,381)	(2,426)
	(b) development		
	(c) production		
	(d) staff costs	(139)	(139)
	(e) administration and corporate costs	(488)	(488)
1.3	Dividends received (see note 3)		
1.4	Interest received		
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Research and development refunds		
1.8	Other (provide details if material)		
1.9	**Net cash from / (used in) operating activities**	**(3,008)**	**(3,053)**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**		
3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	1,957	1,957
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(92)	(92)
3.5	Proceeds from borrowings	0	0
3.6	Repayment of borrowings	(479)	(479)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	**Net cash from / (used in) financing activities**	**1,386**	**1,386**
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,713	1,713
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,053)	(3,053)
4.3	Net cash from / (used in) investing activities (item 2.6 above)		
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,386	1,386
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**91**	**46**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	46	1,713
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)	45	
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**91**	**1,713**

6.	**Payments to directors of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	153
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Remuneration and fees paid to Directors

7.	**Payments to related entities of the entity and their associates**	**Current quarter $A'000**
7.1	Aggregate amount of payments to these parties included in item 1.2	
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities		
8.2	Credit standby arrangements		
8.3	Other (please specify)	$305,000	

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

The second tranche of an unsecured facility with SBI Investments (PR), LLC, an additional $1.5 million has been provided to Lake in October at 12% interest (announced in February 2019) These funds will be applied to cover estimated cash outflows while SD Capital Advisory Limited works to source additional debt funding for the Company

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	(505)
9.2	Development	
9.3	Production	
9.4	Staff costs	(152)
9.5	Administration and corporate costs	(130)
9.6	Other (provide details if material)	
9.7	**Total estimated cash outflows**	**(787)**

* depending on funds availability, the Company can control its spending on exploration and evaluation activities as these activities are non-contractual and discretionary in nature.

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**Tenement reference and location**	**Nature of interest**	**Interest at beginning of quarter**	**Interest at end of quarter**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced		Refer to tenement schedule		
10.2	Interests in mining tenements and petroleum tenements acquired or increased		Refer to tenement schedule		

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: Date: **31 October 2019**

Managing Director

Print name: **STEVE PROMNITZ**

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.